



U.S. Financial Aid To Israel: Figures, Facts, and Impact

Summary

Benefits to Israel of U.S. Aid
Since 1949 (As of November 1, 1997)

Foreign Aid Grants and Loans
\$74,157,600,000

Other U.S. Aid (12.2% of Foreign Aid)
\$9,047,227,200

Interest to Israel from Advanced Payments
\$1,650,000,000

Grand Total
\$84,854,827,200

Total Benefits per Israeli
\$14,630

Cost to U.S. Taxpayers of U.S. Aid to Israel

Grand Total
\$84,854,827,200

Interest Costs Borne by U.S.
\$49,936,680,000

Total Cost to U.S. Taxpayers
\$134,791,507,200

Total Taxpayer Cost per Israeli
\$23,240

Special Reports:

- **Congress Watch:** [A Conservative Total for U.S. Aid to Israel: \\$91 Billion—and Counting](#)
- [Congressional Research Report on Israel: US Foreign Assistance by Clyde Mark](#) (213K pdf file)
- **U.S. Aid To Israel:** [The Strategic Functions](#)
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THE STRATEGIC FUNCTIONS OF U.S. AID TO ISRAEL

By Stephen Zunes

Dr. Zunes is an assistant professor in the Department of Politics at the University of San Francisco

Since 1992, the U.S. has offered Israel an additional \$2 billion annually in loan guarantees. Congressional researchers have disclosed that between 1974 and 1989, \$16.4 billion in U.S. military loans were converted to grants and that this was the understanding from the beginning. Indeed, all past U.S. loans to Israel have eventually been forgiven by Congress, which has undoubtedly helped Israel's often-touted claim that they have never defaulted on a U.S. government loan. U.S. policy since 1984 has been that economic assistance to Israel must equal or exceed Israel's annual debt repayment to the United States. Unlike other countries, which receive aid in quarterly installments, aid to Israel since 1982 has been given in a lump sum at the beginning of the fiscal year, leaving the U.S. government to borrow from future revenues. Israel even lends some of this money back through U.S. treasury bills and collects the additional interest.

In addition, there is the more than \$1.5 billion in private U.S. funds that go to Israel annually in the form of \$1 billion in private tax-deductible donations and \$500 million in Israeli bonds. The ability of Americans to make what amounts to tax-deductible contributions to a foreign government, made possible through a number of Jewish charities, does not exist with any other country. Nor do these figures include short- and long-term commercial loans from U.S. banks, which have been as high as \$1 billion annually in recent years.

Total U.S. aid to Israel is approximately one-third of the American foreign-aid budget, even though Israel comprises just .001 percent of the world's population and already has one of the world's higher per capita incomes. Indeed, Israel's GNP is higher than the combined GNP of Egypt, Lebanon, Syria, Jordan, the West Bank and Gaza. With a per capita income of about \$14,000, Israel ranks as the sixteenth wealthiest country in the world; Israelis enjoy a higher per capita income than oil-rich Saudi Arabia and are only slightly less well-off than most Western European countries.

AID does not term economic aid to Israel as development assistance, but instead uses the term "economic support funding." Given Israel's relative prosperity, U.S. aid to Israel is becoming increasingly controversial. In 1994, Yossi Beilin, deputy foreign minister of Israel and a Knesset member, told the Women's International Zionist organization, "If our economic situation is better than in many of your countries, how can we go on asking for your charity?"

U.S. Aid to Israel: What U.S. Taxpayer Should Know

by Tom Malthaner

This morning as I was walking down Shuhada Street in Hebron, I saw graffiti marking the newly painted storefronts and awnings. Although three months past schedule and 100 percent over budget, the renovation of Shuhada Street was finally completed this week. The project manager said the reason for the delay and cost overruns was the sabotage of the project by the Israeli settlers of the Beit Hadassah settlement complex in Hebron. They broke the street lights, stoned project workers, shot out the windows of bulldozers and other heavy equipment with pellet guns, broke paving stones before they were laid and now have defaced again the homes and shops of Palestinians with graffiti. The settlers did not want Shuhada St. opened to Palestinian traffic as was agreed to under Oslo 2. This renovation project is paid for by USAID funds and it makes me angry that my tax dollars have paid for improvements that have been destroyed by the settlers.

Most Americans are not aware how much of their tax revenue our government sends to Israel. For the fiscal year ending in September 30, 1997, the U.S. has given Israel \$6.72 billion: \$6.194 billion falls under Israel's foreign aid allotment and \$526 million comes from agencies such as the Department of Commerce, the U.S. Information Agency and the Pentagon. The \$6.72 billion figure does not include loan guarantees and annual compound interest totalling \$3.122 billion the U.S. pays on money borrowed to give to Israel. It does not include the cost to U.S. taxpayers of IRS tax exemptions that donors can claim when they donate money to Israeli charities. (Donors claim approximately \$1 billion in Federal tax deductions annually. This ultimately costs other U.S. tax payers \$280 million to \$390 million.)

When grant, loans, interest and tax deductions are added together for the fiscal year ending in September 30, 1997, our special relationship with Israel cost U.S. taxpayers over \$10 billion.

Since 1949 the U.S. has given Israel a total of \$83.205 billion. The interest costs borne by U.S. tax payers on behalf of Israel are \$49.937 billion, thus making the total amount of aid given to Israel since 1949 \$133.132 billion. This may mean that U.S. government has given more federal aid to the average Israeli citizen in a given year than it has given to the average American citizen.

I am angry when I see Israeli settlers from Hebron destroy improvements made to Shuhada Street with my tax money. Also, it angers me that my government is giving over \$10 billion to a country that is more prosperous than most of the other countries in the world and uses much of its money for strengthening its military and the oppression of the Palestinian people.

"U.S. Aid to Israel: Interpreting the 'Strategic Relationship'"

by Stephen Zunes

"The U.S. aid relationship with Israel is unlike any other in the world," said Stephen Zunes during a January 26 CPAP presentation. "In sheer volume, the amount is the most generous foreign aid program ever between any two countries," added Zunes, associate professor of Politics and chair of the Peace and Justice Studies Program at the University of San Francisco.

He explored the strategic reasoning behind the aid, asserting that it parallels the "needs of American arms exporters" and the role "Israel could play in advancing U.S. strategic interests in the region."

Although Israel is an "advanced, industrialized, technologically sophisticated country," it "receives more U.S. aid per capita annually than the total annual [Gross Domestic Product] per capita of several Arab states." Approximately a third of the entire U.S. foreign aid budget goes to Israel, "even though Israel comprises just...one-thousandth of the world's total population, and already has one of the world's higher per capita incomes."

U.S. government officials argue that this money is necessary for "moral" reasons-some even say that Israel is a "democracy battling for its very survival." If that were the real reason, however, aid should have been highest during Israel's early years, and would have declined as Israel grew stronger. Yet "the pattern...has been just the opposite." According to Zunes, "99 percent of all U.S. aid to Israel took place after the June 1967 war, when Israel found itself more powerful than any combination of Arab armies...."

The U.S. supports Israel's dominance so it can serve as "a surrogate for American interests in this vital strategic region." "Israel has helped defeat radical nationalist movements" and has been a "testing ground for U.S. made weaponry." Moreover, the intelligence agencies of both countries have "collaborated," and "Israel has funneled U.S. arms to third countries that the U.S. [could] not send arms to directly,...like South Africa, like the Contras, Guatemala under the military junta, [and] Iran." Zunes cited an Israeli analyst who said: "It's like Israel has just become another federal agency when it's convenient to use and you want something done quietly." Although the strategic relationship between the United States and the Gulf Arab states in the region has been strengthening in recent years, these states "do not have the political stability, the technological sophistication, [or] the number of higher-trained armed forces personnel" as does Israel.

Matti Peled, former Israeli major general and Knesset member, told Zunes that he and most Israeli generals believe this aid is "little more than an American subsidy to U.S. arms manufacturers," considering that the majority of military aid to Israel is used to buy weapons from the U.S. Moreover, arms to Israel create more demand for weaponry in Arab states. According to Zunes, "the Israelis announced back in 1991 that they supported the idea of a freeze in Middle East arms transfers, yet it was the United States that rejected it."

In the fall of 1993-when many had high hopes for peace-78 senators wrote to former President Bill Clinton insisting that aid to Israel remain "at current levels." Their "only reason" was the "massive procurement of sophisticated arms by Arab states." The letter neglected to mention that 80 percent of those arms to Arab countries came from the U.S. "I'm not denying for a moment the power of AIPAC [the American Israel Public Affairs Committee], the pro-Israel lobby," and other similar groups, Zunes said. Yet the "Aerospace Industry Association which promotes these massive arms shipments...is even more influential." This association has given two times more money to campaigns than all of the pro-Israel groups combined. Its "force on Capitol Hill, in terms of lobbying, surpasses that of even AIPAC." Zunes asserted that the "general thrust of U.S. policy would be pretty much the same even if AIPAC didn't exist. We didn't need a pro-Indonesia lobby to support Indonesia in its savage repression of East Timor all these years." This is a complex issue, and Zunes said that he did not want to be "conspiratorial," but he asked the audience to imagine what "Palestinian industriousness, Israeli technology, and Arabian oil money...would do to transform the Middle East.... [W]hat would that mean to American arms manufacturers? Oil companies? Pentagon planners?"

"An increasing number of Israelis are pointing out" that these funds are not in Israel's best interest. Quoting Peled, Zunes said, "this aid pushes Israel 'toward a posture of callous intransigence' in terms of the peace process." Moreover, for every dollar the U.S. sends in arms aid, Israel must spend two to three dollars to train people to use the weaponry, to buy parts, and in other ways make use of the aid. Even "main-stream Israeli economists are saying [it] is very harmful to the country's future."

The Israeli paper Yediot Aharonot described Israel as "'the godfather's messenger' since [Israel] undertake[s] the 'dirty work' of a godfather who 'always tries to appear to be the owner of some large, respectable business.'" Israeli satirist B. Michael refers to U.S. aid this way: "My master gives me food to eat and I bite those whom he tells me to bite. It's called strategic cooperation." "To challenge this strategic relationship, one cannot focus solely on the Israeli lobby but must also examine these "broader forces as well." "Until we tackle this issue head-on," it will be "very difficult to win" in other areas relating to Palestine.

"The results" of the short-term thinking behind U.S. policy "are tragic," not just for the "immediate victims" but "eventually [for] Israel itself" and "American interests in the region." The U.S. is sending enormous amounts of aid to the Middle East, and yet "we are less secure than ever"-both in terms of U.S. interests abroad and for individual Americans. Zunes referred to a "growing and increasing hostility [of] the average Arab toward the United States." In the long term, said Zunes, "peace and stability and cooperation with the vast Arab world is far more important for U.S. interests than this alliance with Israel."

This is not only an issue for those who are working for Palestinian rights, but it also "jeopardizes the entire agenda of those of us concerned about human rights, concerned about arms control, concerned about international law." Zunes sees significant potential in "building a broad-based movement around it."

The above text is based on remarks, delivered on. 26 January, 2001 by Stephen Zunes - Associate Professor of Politics and Chair of the Peace and Justice Studies Program at San Francisco University.

The Cost of Israel to U.S. Taxpayers: True Lies About U.S. Aid to Israel

By Richard H. Curtiss

For many years the American media said that "Israel receives \$1.8 billion in military aid" or that "Israel receives \$1.2 billion in economic aid." Both statements were true, but since they were never combined to give us the complete total of annual U.S. aid to Israel, they also were lies—true lies.

Recently Americans have begun to read and hear that "Israel receives \$3 billion in annual U.S. foreign aid." That's true. But it's still a lie. The problem is that in fiscal 1997 alone, Israel received from a variety of other U.S. federal budgets at least \$525.8 million above and beyond its \$3 billion from the foreign aid budget, and yet another \$2 billion in federal loan guarantees. So the complete total of U.S. grants and loan guarantees to Israel for fiscal 1997 was \$5,525,800,000.

One can truthfully blame the mainstream media for never digging out these figures for themselves, because none ever have. They were compiled by the Washington Report on Middle East Affairs. But the mainstream media certainly are not alone. Although Congress authorizes America's foreign aid total, the fact that more than a third of it goes to a country smaller in both area and population than Hong Kong probably never has been mentioned on the floor of the Senate or House. Yet it's been going on for more than a generation.

Probably the only members of Congress who even suspect the full total of U.S. funds received by Israel each year are the privileged few committee members who actually mark it up. And almost all members of the concerned committees are Jewish, have taken huge campaign donations orchestrated by Israel's Washington, DC lobby, the American Israel Public Affairs Committee (AIPAC), or both. These congressional committee members are paid to act, not talk. So they do and they don't.

The same applies to the president, the secretary of state, and the foreign aid administrator. They all submit a budget that includes aid for Israel, which Congress approves, or increases, but never cuts. But no one in the executive branch mentions that of the few remaining U.S. aid recipients worldwide, all of the others are developing nations which either make their military bases available to the U.S., are key members of international alliances in which the U.S. participates, or have suffered some crippling blow of nature to their abilities to feed their people such as earthquakes, floods or droughts.

Israel, whose troubles arise solely from its unwillingness to give back land it seized in the 1967 war in return for peace with its neighbors, does not fit those criteria. In fact, Israel's 1995 per capita gross domestic product was \$15,800. That put it below Britain at \$19,500 and Italy at \$18,700 and just above Ireland at \$15,400 and Spain at \$14,300.

All four of those European countries have contributed a very large share of immigrants to the U.S., yet none has organized an ethnic group to lobby for U.S. foreign aid. Instead, all four send funds and volunteers to do economic development and emergency relief work in other less fortunate parts of the world.

The lobby that Israel and its supporters have built in the United States to make all this aid happen, and to ban discussion of it from the national dialogue, goes far beyond AIPAC, with its \$15 million budget, its 150 employees, and its five or six registered lobbyists who manage to visit every member of Congress individually once or twice a year.

AIPAC, in turn, can draw upon the resources of the Conference of Presidents of Major American Jewish Organizations, a roof group set up solely to coordinate the efforts of some 52 national Jewish organizations on behalf of Israel.

Among them are Hadassah, the Zionist women's organization, which organizes a steady stream of American Jewish visitors to Israel; the American Jewish Congress, which mobilizes support for Israel among members of the traditionally left-of-center Jewish mainstream; and the American Jewish Committee, which plays the same role within the growing middle-of-the-road and right-of-center Jewish community. The American Jewish Committee also publishes Commentary, one of the Israel lobby's principal national publications.

Perhaps the most controversial of these groups is B'nai B'rith's Anti-Defamation League. Its original highly commendable purpose was to protect the civil rights of American Jews. Over the past generation, however, the ADL has regressed into a conspiratorial and, with a \$45

million budget, extremely well-funded hate group.

In the 1980s, during the tenure of chairman Seymour Reich, who went on to become chairman of the Conference of Presidents, ADL was found to have circulated two annual fund-raising letters warning Jewish parents against allegedly negative influences on their children arising from the increasing Arab presence on American university campuses.

More recently, FBI raids on ADL's Los Angeles and San Francisco offices revealed that an ADL operative had purchased files stolen from the San Francisco police department that a court had ordered destroyed because they violated the civil rights of the individuals on whom they had been compiled. ADL, it was shown, had added the illegally prepared and illegally obtained material to its own secret files, compiled by planting informants among Arab-American, African-American, anti-Apartheid and peace and justice groups.

The ADL infiltrators took notes of the names and remarks of speakers and members of audiences at programs organized by such groups. ADL agents even recorded the license plates of persons attending such programs and then suborned corrupt motor vehicles department employees or renegade police officers to identify the owners.

Although one of the principal offenders fled the United States to escape prosecution, no significant penalties were assessed. ADL's Northern California office was ordered to comply with requests by persons upon whom dossiers had been prepared to see their own files, but no one went to jail and as yet no one has paid fines.

Not surprisingly, a defecting employee revealed in an article he published in the Washington Report on Middle East Affairs that AIPAC, too, has such "enemies" files. They are compiled for use by pro-Israel journalists like Steven Emerson and other so-called "terrorism experts," and also by professional, academic or journalistic rivals of the persons described for use in black-listing, defaming, or denouncing them. What is never revealed is that AIPAC's "opposition research" department, under the supervision of Michael Lewis, son of famed Princeton University Orientalist Bernard Lewis, is the source of this defamatory material.

But this is not AIPAC's most controversial activity. In the 1970s, when Congress put a cap on the amount its members could earn from speakers' fees and book royalties over and above their salaries, it halted AIPAC's most effective ways of paying off members for voting according to AIPAC recommendations. Members of AIPAC's national board of directors solved the problem by returning to their home states and creating political action committees (PACs).

Most special interests have PACs, as do many major corporations, labor unions, trade associations and public-interest groups. But the pro-Israel groups went wild. To date some 126 pro-Israel PACs have been registered, and no fewer than 50 have been active in every national election over the past generation.

An individual voter can give up to \$2,000 to a candidate in an election cycle, and a PAC can give a candidate up to \$10,000. However, a single special interest with 50 PACs can give a candidate who is facing a tough opponent, and who has voted according to its recommendations, up to half a million dollars. That's enough to buy all the television time needed to get elected in most parts of the country.

Even candidates who don't need this kind of money certainly don't want it to become available to a rival from their own party in a primary election, or to an opponent from the opposing party in a general election. As a result, all but a handful of the 535 members of the Senate and House vote as AIPAC instructs when it comes to aid to Israel, or other aspects of U.S. Middle East policy.

There is something else very special about AIPAC's network of political action committees. Nearly all have deceptive names. Who could possibly know that the Delaware Valley Good Government Association in Philadelphia, San Franciscans for Good Government in California, Cactus PAC in Arizona, Beaver PAC in Wisconsin, and even Icepac in New York are really pro-Israel PACs under deep cover?

Hiding AIPAC's Tracks

In fact, the congressmembers know it when they list the contributions they receive on the campaign statements they have to prepare for the Federal Election Commission. But their constituents don't know this when they read these statements. So just as no other special interest can put so much "hard money" into any candidate's election campaign as can the Israel lobby, no other special interest has gone to such elaborate lengths to hide its tracks.

Although AIPAC, Washington's most feared special-interest lobby, can hide how it uses both carrots and sticks to bribe or intimidate members of Congress, it can't hide all of the results.

Anyone can ask one of their representatives in Congress for a chart prepared by the Congressional Research Service, a branch of the Library of Congress, that shows Israel received \$62.5 billion in foreign aid from fiscal year 1949 through fiscal year 1996. People in the national capital area also can visit the library of the U.S. Agency for International Development (USAID) in Rosslyn, Virginia, and obtain the same information, plus charts showing how much foreign aid the U.S. has given other countries as well.

Visitors will learn that in precisely the same 1949-1996 time frame, the total of U.S. foreign aid to all of the countries of sub-Saharan Africa, Latin America and the Caribbean combined was \$62,497,800,000--almost exactly the amount given to tiny Israel.

According to the Population Reference Bureau of Washington, DC, in mid-1995 the sub-Saharan countries had a combined population of 568 million. The \$24,415,700,000 in foreign aid they had received by then amounted to \$42.99 per sub-Saharan African.

Similarly, with a combined population of 486 million, all of the countries of Latin America and the Caribbean together had received \$38,254,400,000. This amounted to \$79 per person.

The per capita U.S. foreign aid to Israel's 5.8 million people during the same period was \$10,775.48. This meant that for every dollar the U.S. spent on an African, it spent \$250.65 on an Israeli, and for every dollar it spent on someone from the Western Hemisphere outside the United States, it spent \$214 on an Israeli.

Shocking Comparisons

These comparisons already seem shocking, but they are far from the whole truth. Using reports compiled by Clyde Mark of the Congressional Research Service and other sources, freelance writer Frank Collins tallied for the Washington Report all of the extra items for Israel buried in

the budgets of the Pentagon and other federal agencies in fiscal year 1993. Washington Report news editor Shawn Twing did the same thing for fiscal years 1996 and 1997.

They uncovered \$1.271 billion in extras in FY 1993, \$355.3 million in FY 1996 and \$525.8 million in FY 1997. These represent an average increase of 12.2 percent over the officially recorded foreign aid totals for the same fiscal years, and they probably are not complete. It's reasonable to assume, therefore, that a similar 12.2 percent hidden increase has prevailed over all of the years Israel has received aid.

As of Oct. 31, 1997 Israel will have received \$3.05 billion in U.S. foreign aid for fiscal year 1997 and \$3.08 billion in foreign aid for fiscal year 1998. Adding the 1997 and 1998 totals to those of previous years since 1949 yields a total of \$74,157,600,000 in foreign aid grants and loans. Assuming that the actual totals from other budgets average 12.2 percent of that amount, that brings the grand total to \$83,204,827,200.

But that's not quite all. Receiving its annual foreign aid appropriation during the first month of the fiscal year, instead of in quarterly installments as do other recipients, is just another special privilege Congress has voted for Israel. It enables Israel to invest the money in U.S. Treasury notes. That means that the U.S., which has to borrow the money it gives to Israel, pays interest on the money it has granted to Israel in advance, while at the same time Israel is collecting interest on the money. That interest to Israel from advance payments adds another \$1.650 billion to the total, making it \$84,854,827,200. That's the number you should write down for total aid to Israel. And that's \$14,346 each for each man, woman and child in Israel.

It's worth noting that that figure does not include U.S. government loan guarantees to Israel, of which Israel has drawn \$9.8 billion to date. They greatly reduce the interest rate the Israeli government pays on commercial loans, and they place additional burdens on U.S. taxpayers, especially if the Israeli government should default on any of them. But since neither the savings to Israel nor the costs to U.S. taxpayers can be accurately quantified, they are excluded from consideration here.

Further, friends of Israel never tire of saying that Israel has never defaulted on repayment of a U.S. government loan. It would be equally accurate to say Israel has never been required to repay a U.S. government loan. The truth of the matter is complex, and designed to be so by those who seek to conceal it from the U.S. taxpayer.

Most U.S. loans to Israel are forgiven, and many were made with the explicit understanding that they would be forgiven before Israel was required to repay them. By disguising as loans what in fact were grants, cooperating members of Congress exempted Israel from the U.S. oversight that would have accompanied grants. On other loans, Israel was expected to pay the interest and eventually to begin repaying the principal. But the so-called Cranston Amendment, which has been attached by Congress to every foreign aid appropriation since 1983, provides that economic aid to Israel will never dip below the amount Israel is required to pay on its outstanding loans. In short, whether U.S. aid is extended as grants or loans to Israel, it never returns to the Treasury.

Israel enjoys other privileges. While most countries receiving U.S. military aid funds are expected to use them for U.S. arms, ammunition and training, Israel can spend part of these funds on weapons made by Israeli manufacturers. Also, when it spends its U.S. military aid money on U.S. products, Israel frequently requires the U.S. vendor to buy components or materials from Israeli manufacturers. Thus, though Israeli politicians say that their own manufacturers and exporters are making them progressively less dependent upon U.S. aid, in fact those Israeli manufacturers and exporters are heavily subsidized by U.S. aid.

Although it's beyond the parameters of this study, it's worth mentioning that Israel also receives foreign aid from some other countries. After the United States, the principal donor of both economic and military aid to Israel is Germany.

By far the largest component of German aid has been in the form of restitution payments to victims of Nazi atrocities. But there also has been extensive German military assistance to Israel during and since the Gulf war, and a variety of German educational and research grants go to Israeli institutions. The total of German assistance in all of these categories to the Israeli government, Israeli individuals and Israeli private institutions has been some \$31 billion or \$5,345 per capita, bringing the per capita total of U.S. and German assistance combined to almost \$20,000 per Israeli. Since very little public money is spent on the more than 20 percent of Israeli citizens who are Muslim or Christian, the actual per capita benefits received by Israel's Jewish citizens would be considerably higher.

True Cost to U.S. Taxpayers

Generous as it is, what Israelis actually got in U.S. aid is considerably less than what it has cost U.S. taxpayers to provide it. The principal difference is that so long as the U.S. runs an annual budget deficit, every dollar of aid the U.S. gives Israel has to be raised through U.S. government borrowing.

[In an article in the *Washington Report* for December 1991/January 1992](#), Frank Collins estimated the costs of this interest, based upon prevailing interest rates for every year since 1949. I have updated this by applying a very conservative 5 percent interest rate for subsequent years, and confined the amount upon which the interest is calculated to grants, not loans or loan guarantees.

On this basis the \$84.8 billion in grants, loans and commodities Israel has received from the U.S. since 1949 cost the U.S. an additional \$49,936,880,000 in interest.

There are many other costs of Israel to U.S. taxpayers, such as most or all of the \$45.6 billion in U.S. foreign aid to Egypt since Egypt made peace with Israel in 1979 (compared to \$4.2 billion in U.S. aid to Egypt for the preceding 26 years). U.S. foreign aid to Egypt, which is pegged at two-thirds of U.S. foreign aid to Israel, averages \$2.2 billion per year.

There also have been immense political and military costs to the U.S. for its consistent support of Israel during Israel's half-century of disputes with the Palestinians and all of its Arab neighbors. In addition, there have been the approximately \$10 billion in U.S. loan guarantees and perhaps \$20 billion in tax-exempt contributions made to Israel by American Jews in the nearly half-century since Israel was created.

Even excluding all of these extra costs, America's \$84.8 billion in aid to Israel from fiscal years 1949 through 1998, and the interest the U.S. paid to borrow this money, has cost U.S. taxpayers \$134.8 billion, not adjusted for inflation. Or, put another way, the nearly \$14,630 every one of 5.8 million Israelis received from the U.S. government by Oct. 31, 1997 has cost American taxpayers \$23,240 per Israeli.

It would be interesting to know how many of those American taxpayers believe they and their families have received as much from the U.S. Treasury as has everyone who has chosen to become a citizen of Israel. But it's a question that will never occur to the American public

because, so long as America's mainstream media, Congress and president maintain their pact of silence, few Americans will ever know the true cost of Israel to U.S. taxpayers.

Richard Curtiss, a retired U.S. foreign service officer, is the executive editor of the Washington Report on Middle East Affairs.

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Lobby Watch

National Capital Insiders Vote AIPAC, Israel's American Lobby, Second Most Powerful Interest Group in Washington

By Nathan Jones

"A forthcoming edition of Fortune magazine ranks the American Israel Public Affairs Committee as the second most powerful interest group in Washington...The pro-Israel lobby, which the magazine called 'calculatedly quiet,' has for years been successful in encouraging members of Congress and the administration to support U.S. foreign aid to Israel and other issues related to the U.S.-Israel relationship."—Daniel Kurtzman, Jewish Telegraphic Agency, December 1997.

For two generations American diplomats in the Middle East have listened to the same complaint. "How is it possible for a lobby, based upon only two percent of the American population, to take over U.S. Middle East policy completely and also to have a strong and sometimes decisive influence on U.S. foreign policy in the rest of the world?"

It's not an idle question. For Middle Easterners the matter boils down to "who is the enemy?" If the pro-Israel tilt in U.S. policy is solely the result of smart politics by a well-heeled, well-organized and highly disciplined American religious or ethnic minority, presumably funded at least in part by the Israeli government, it's worthwhile to join the influence battle in Washington to persuade U.S. elected officials to support an even-handed policy in the best interests of the United States.

On the other hand, if the other 98 percent of Americans believe there is some hidden reason why a tilt in favor of the 4.5 million Jews in Israel and against the 200 million Arab Muslims and Christians in the Middle East is in the U.S. national interest, then no amount of counter-lobbying will do any good.

Informed Americans need only point to a world map, which shows that the 60 percent of the world's petroleum (and about an equal percentage of natural gas) found in the Middle East all lies under Muslim lands. So why would it be in the U.S. interest to side with the Jewish state which has fought five wars with those Muslim lands—doubling the territory it controls in the process—and which presently seems to be looking for ways to fight another one?

One reason Middle Easterners remain confused is that it's popular on U.S. university campuses to blame the U.S. for Israeli excesses. If Israelis sell arms to right-wing military dictators in Central America, or sell stolen U.S. missile defense or military aircraft technology to communist China, the reasoning goes, it must be because the U.S. wants them to.

Most of those who preach this line are Marxist-oriented Jewish faculty members, like MIT linguistics professor Noam Chomsky, who seem to find it more bearable to blame the human rights crimes committed by successive Israeli governments on the United States than on the Jewish state itself. It's a theory that has also been picked up by at least two left-leaning Palestinian faculty members at U.S. universities. Whatever their original motives for wanting to believe this, professionally it's safer and more "politically correct" for faculty on U.S. campuses to criticize the U.S. than it is to criticize Israel. (Exactly the same caution applies to American journalism, but that's another subject.)

In any case, when Americans point out to Middle Eastern critics that if the U.S. government wants arms sold to renegade nations, there are plenty of U.S. manufacturers who would be happy to do the job, the discussion comes back to the first question. "Do you mean to say that the U.S. lets Israel do all of these things solely because of U.S. domestic politics?"

The answer, of course, is yes!

Now some corroborating evidence has come from Washington insiders as a group. In its Dec. 8 issue, the respected business magazine *Fortune* has published the results of a survey it commissioned among Capitol Hill insiders to rank-order the 120 most powerful interest groups in the United States.

It's possible that when the *Fortune* editors got the idea of having Democratic pollster Mark Mellman and Republican pollster Bill McInturff mail out 2,165 queries to members of Congress, top congressional aides, top officers of lobbying organizations and professional lobbyists, they weren't thinking about how the results might affect America's most publicity-shy special interest, the American Israel Public Affairs Committee (AIPAC), with its \$15 million budget, 150 employees, and its five or six registered lobbyists who make a personal visit to every one of 535 members of Congress at least once a year.

However, AIPAC is so well-known inside the Beltway that when anyone refers to "The Lobby," no one asks, "Which one?" In fact this highly professional organization is backed up by a group called "The Council of Presidents of Major American Jewish Organizations," which serves as the coordinating committee for efforts on behalf of Israel by 52 national U.S. Jewish organizations, several of them with budgets larger than AIPAC's.

But over the years, when AIPAC chairmen or presidents have boasted about which powerful members of Congress they have brought down, it has been only in closed membership sessions. Victims they claim include two former chairmen of the Senate Foreign Relations Committee, Arkansas Democrat J. William Fulbright and Illinois Republican Charles Percy, and Sen. Roger Jepsen (R-IA). Among House members they've helped defeat are Paul Findley (R-IL) and Paul N. (Pete) McCloskey (R-CA), both of whom have become prominent campaigners to curb AIPAC's power.

Named the most powerful special interest by the 329 Washington insiders who returned the polling forms was the American Association of Retired

Persons. This is no surprise, given the fact that the 33-million-member organization's membership card is what most elderly Americans reach for when asked to prove their eligibility for "senior citizen" discounts on everything from medicines and museum tickets to rail and airfares.

A look at the runner-up organizations and the constituencies they represent, however, puts into perspective the incredible power of AIPAC, which claims no more than 50,000 paid-up members (at \$50 a year). In numerical order these are the AFL-CIO, the National Federation of Independent Business, the Association of Trial Lawyers, the National Rifle Association, the Christian Coalition, the American Medical Association, and the National Education Association.

Next on the list are realtors (11), bankers (12), manufacturers (13), government employees (14), the National Chamber of Commerce (15), Veterans of Foreign Wars (16), farmers (17), filmmakers (18), homebuilders (19) and broadcasters (20).

In an article accompanying the list, *Fortune* writer Jeffrey Birnbaum notes that "the powerhouses of persuasion aren't very visible above the Washington waterline, but they are very big, and very menacing." The writer claims also that "while donations are still crucial...they aren't the only keys to the kingdom...These days interest organizations are valued more for the votes they can deliver."

Birnbaum admits, however, that "three of the top 10 organizations owe their high rankings to their substantial campaign contributions: the Association of Trial Lawyers of America, the American Israel Public Affairs Committee and the American Medical Association."

This puts AIPAC in the unique position of having several million dollars to spend on helping or hurting candidates in each two-year election cycle, and also of being able to mobilize a large percentage of America's 5.5 million Jews into a one-issue voting bloc in support of candidates deemed friendly to Israel.

While positioned at the top of the power structure, at present AIPAC executives are deeply worried about a legal case against their organization that has been working its way through the U.S. federal courts since January 1989. It will be argued before the U.S. Supreme Court on Jan. 14, and a decision is expected to be announced by July 1998.

Summarized, the suit charges that although AIPAC is functioning as a "political committee" raising and spending funds to get members of Congress elected or defeated, it is not complying with the laws that require such organizations to disclose to the Federal Election Commission where they get their funds, and how they spend them.

The seven complainants in the case, all retired U.S. government officials, decline to speculate publicly on what they believe disclosure of AIPAC's finances will reveal. But many observers suspect that much of the lobbying money at the organization's disposal is raised by tax-exempt organizations in the U.S., ostensibly for other purposes such as planting trees in Israel, or may be Israeli government funding finding its way into the U.S. political system by illegal means. They point out that when several hundred thousand dollars in Chinese government money found its way into the U.S. elections in 1996, the nation was scandalized. But several million pro-Israel dollars has been available to AIPAC and to the dozens of political action committees founded and directed by members of AIPAC's board of directors and their relatives in every U.S. national cycle since the late 1970s.

Whatever the U.S. Supreme Court decides should be done about Israel's powerful U.S. lobby, the Washington insiders' verdict is in. The second most powerful lobby in America certainly is powerful enough to dominate U.S. Middle East policy. In fact, if presidents and congressmen *wanted* to vote unconditional military and economic support to Israel, there would be no need to create such a rich and powerful lobby to bribe or browbeat them into doing so.

And if Arabs ask what should be done about it, the answer is simple. If the U.S. remains unable to reform its own campaign finance system, six million Muslim Americans and two million Christian Arab Americans, backed by 22 Arab nations, ought to be able to "fight fire with fire."

Nathan Jones is a free-lance writer who covers U.S. and Canadian affairs.

The jews are our misfortune!
